

CIA HISTORICAL REVIEW PROGRAM
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Lincoln

VIA: _____

2003

(SECRET / AIR / SEA / JCH)

DISPATCH NO. *HGG-A-1135*

RYBAT/PBSUCCESS/SECRET
CLASSIFICATION

TO : Chief, Lincoln
FROM : Chief of Station, Guatemala

DATE: *MAY 25 1954*

SUBJECT: GENERAL— K - Program

Info: Washington

SPECIFIC— Meeting Between [] and Graham L. Page

Attached is Graham L. Page's report of the meeting which took place between himself and [] on 24 May 1954.

[]
Adrian B. Kidwell

Encl. as noted

25 May 1954

Distribution:

- 2 - Lincoln w/encl
- 2 - Washington w/encl
- 1 - [] w/encl
- 1 - Files w/encl

3 JUN 1954

RYBAT/PBSUCCESS/SECRET
CLASSIFICATION

24 May 1954

Subject:

Meeting with []

1. The meeting reported upon took place in the afternoon of 24 May 1954 at ESQUIRE's private residence. In compliance with written instructions contained in PAGE's letter, dated 23 May-1600 hours, several issues suggested by Lincoln were raised.
2. [] stated that the Guatemalan Government is currently engaged in a study of trade relations between Guatemala and the United States from the point of view of determining what effect it would have should the United States decide to embark upon a policy of economic sanctions. Under study is the 1936 trade agreement between the United States and Guatemala. [] maintains that under the terms of this treaty the United States would be acting within her rights in denouncing it. [] as is his wont, emphasized that "our cause" would be tremendously favored by a policy of economic sanctions. In his view the ~~inexorable~~ inevitable result would be the downfall of the Arbenz regime, provided the responsibility for economic stringencies can be squarely placed at the doorsteps of the communist party. [] considers Guatemala's transportation system her Achilles heel. He is convinced that it could be paralyzed by a selective application of economic pressure. He exclaimed: "Why doesn't the United States frankly and openly impose economic sanctions? What is the United States afraid of? Is Guatemala waging an aggressive policy against the United States or isn't she?"
3. ESQUIRE pointed out to [] that the consejo is in no position to dictate United States foreign policy, witness the unimpeded arrival of the arms shipment. In commenting upon the validity of []'s argumentation, ESQUIRE told PAGE that he agrees with [] estimate of the effectiveness of economic sanctions. Without wanting to prejudice the feasibility of a selective embargo, ESQUIRE believes that a drastic curtailment in the shipment of gasoline would have a crippling effect upon Guatemala's economy. In practical terms, it would - as an example - deadline the autobusses which still constitute Guatemala's most important means of transportation. People would quickly jump to the conclusion that the communists are responsible "for the price of eggs" and the Government would fall.
4. STANDEL-11 is a close personal friend of STANDEL-16. According to the prevailing impression in Honduras is that the Arbenz Government will fall. This is supposedly the gist of a G-2 report. ESQUIRE gathered the impression that its contents were communicated by STANDEL-11 to STANDEL-16. STANDEL-11 was also quoted as stating that "we should try and see to it that the Army keeps united".
5. STANDEL-16, according to [] "is ours" without qualifications. However, [] sounded the following note of caution. STANDEL-16 is foolish, vain and boastful. He quoted him as stating: "we (i.e. [] and STANDEL-16) should get control of the Army". In briefing STANDEL-16, the consejo should bear in mind that he is a close friend of SUMAC-2 and that he might inadvertently spill the beans. We should therefore think twice before "putting the key into his hand". [] indicated that he would be quite prepared to channel any directives the consejo may want to issue to STANDEL-16. ESQUIRE observed that, given the case, the consejo would certainly value [] judgement as to how much it would be safe to impart to STANDEL-16.

6. [] offered the following personality assessments of garrison commanders:

A. Colonel ~~MORENO~~

Loyal to the government. Exercise exceeding caution in approaching him.

B. Colonel ~~CONDE~~

Loyal to the Government. Obeys orders.

C. Colonel Pedro ~~MEYER~~

Difficult to indoctrinate. Totally committed to Colonel DIAZ. Would tattle. However, first loyalty belongs to Army once DIAZ has been removed.

D. Colonel ~~CRUZ~~

Chief of 6th Zone. Might be influenced thru his brother, Major Jose Luis ~~CRUZ~~ (SOCCER's []).

7. [] expressed himself in terms of highest praise regarding Major Jose Luis ~~CRUZ~~, stating that he "was waiting to be contacted". He is sharp, valiant, decisive, ambitious and knows the situation very well. He was removed from his G-2 job because he had the goods on the communists.

8. According to [] there have been during the last months several desertions from the corps of cadets of the escuela politecnica, especially from the 4th and 5th class, mostly the sons of conservative families.

9. Colonel Oscar ~~MORALES~~ Lopez, former Guatemalan Military Attache in Washington, currently serving in Rio de Janeiro, "is trying to promote himself as being in a position to procure planes". [] believes that Colonel DIAZ recent trip had something to do with this.

10. [] quotes an officer of the Zacapa garrison as stating: "we are all anti-communist in Zacapa".

11. [] relates that at []

(Field Comment: Reported here, because it seems a significant reflection of []'s state of mind).

12. Turning over in his mind ARBENZ statement ("We cannot proceed any further on a political plane"), [] is now convinced that it was meant to presage a period of extreme caution in Guatemala's external affairs.

13. The arms delivery came as a great booster to the morale of the officers' corps who are not particularly aware let alone concerned about its longrange implications. It has given them a feeling that finally "they have got something".

14. The main stumbling block, as far as control over the Guardia de Honor is concerned, is the person of ~~STANDEL-2~~ "who hates CALLIGERIS. His two assistants are Santa ~~GARCIA~~ Corzo and Alfredo ~~LEMUS~~ (the latter may be related to Colonel LEMUS, head of the civilian branch of the Guatemalan Airforce; see SOCCER debriefing). LEMUS claims to have been exposed to a bribery attempt several years. They may be approachable, but [] is not certain.

15. [] had nothing very flattering to say about Colonel Guillermo ~~FLORES~~. He described him as an older man and as ailing. He is a chartered accountant and "had some ambitions at one time".

16. [] holds [] in the highest esteem although he cannot recollect ever having met him.